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E.O. 12958: DECL: 05/15/2018

TAGS: [ECON](#) [EG](#) [ETRD](#) [IR](#) [PGOV](#) [EINV](#)

SUBJECT: CENTRAL BANK OF EGYPT WARNS FINANCIAL INSTITUTIONS
OF IRANIAN BANKS

REF: STATE 029096

Classified By: Minister Counselor William R. Stewart for reason 1.4(b).

¶1. (C) Per reftel, Post delivered non-paper to relevant Egyptian authorities regarding UN Security Council Resolution 1803 regarding Iran, the FATF advisory on Iran, and we urged Egyptian authorities to warn their financial institutions to step up vigilance on all activities with any bank domiciled in Iran. Several months after the passage of the UNSCR 1803 and our delivery of the non-paper, several local press outlets this week have run stories about steps taken by the Egyptian Government.

¶2. (SBU) The daily financial paper Al-Mal wrote a front page story which indicated that the Central Bank had warned banks on lending or interacting with Iranian banks. According to Al-Mal, the Central Bank requested banks to be careful of transactions with Bank Melli or Saderat Bank. Al-Mal noted that trade facilities, credit facilities guarantees, and insurance were to be scrutinized. The paper noted that local bankers see this directive as obligatory for state-owned banks, while they are more flexible for private and foreign banks. An economic blog cites the paper al-Mesryoon saying that the action is in reaction to the events in Lebanon.
Comment: We do not believe the crisis in Lebanon to be the impetus for this action, but rather the UNSCR and the FATF advisory. End Comment.

¶3. (C) We spoke with Dr. Samir el-Shehad, Executive Director of the Egyptian Money Laundering Combating Unit, who confirmed that the CBE had sent letters warning about doing business with Iran to all financial institutions. He said he could not share the letter, but noted that the CBE took the action consistent with the UNSCR. He noted that the article was incorrect in speculating that public and private financial institutions would be treated differently, but rather that all institutions were advised to use increased vigilance in any Iran-related business.

SCOBED